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**IDT INTERNATIONAL LIMITED**

**萬威國際有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 167)**

**(1) RIGHTS ISSUE ON THE BASIS OF  
ONE (1) RIGHTS SHARES  
FOR EVERY TWO (2) EXISTING SHARES HELD ON  
THE RECORD DATE  
AND  
(2) CLOSURE OF REGISTER OF MEMBERS**

**Underwriter**

**Hongtu High Technology International Inc.**

**Sole Global Co-ordinator**

**Founder Securities (Hong Kong) Limited**

On 8 June 2018 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter with respect to the Rights Issue.

The Company proposes to raise approximately HK\$200.2 million before expenses by issuing 1,299,996,543 new Shares to the Qualifying Shareholders by way of the Rights Issue at a price of HK\$0.154 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date.

The Rights Issue is fully underwritten by the Underwriter. It is not subject to any Shareholders' approval.

**The Shares will be dealt on an ex-rights basis from Friday, 22 June 2018. Dealings in the Rights Shares in nil-paid form will take place from Friday, 6 July 2018 to Friday, 13 July 2018 (both days inclusive).**

**The Rights Issue is conditional upon, among other things, the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.**

**Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.**

## **I. RIGHTS ISSUE**

On 8 June 2018 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter with respect to the Rights Issue. The terms of the Rights Issue are summarised below:

### **Rights Issue statistics**

Basis of Rights Issue:	One (1) Rights Shares for every two (2) existing Shares held on the Record Date
Subscription Price:	HK\$0.154 per Rights Share
Number of Shares in issue:	2,599,993,088 Shares as at the date of this announcement
Number of Rights Shares:	1,299,996,543 (taking into account that no fractions of Rights Shares will be allotted) Rights Shares assuming no further issue of new Shares on or before the Record Date
Estimated net proceeds:	approximately HK\$197.4 million
Underwriter:	Hongtu
Sole Global Co-ordinator:	Founder Securities (Hong Kong) Limited

As at the date of this announcement, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming no new Shares (other than the Rights Shares) will be issued and allotted on or before completion of the Rights Issue, the aggregate number of the nil-paid Rights Shares to be provisionally allotted pursuant to the terms of the Rights Issue represents:

- (i) approximately 50% of the Company's total number of issued Shares as at the date of this announcement; and
- (ii) approximately 33.33% of the Company's issued shares as enlarged by the issue of the Rights Shares.

The Rights Issue is fully underwritten by the Underwriter. It is not subject to any Shareholders' approval and the Rights Shares are not issued under the General Mandate.

### **Qualifying Shareholders**

The Company will send the Prospectus Documents to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) not be a Non-Qualifying Shareholder.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution of their interests in the Company. If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

### **Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Directors will make enquiries, regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) in compliance with Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws or legal restrictions of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, not to offer Rights Shares to such Overseas Shareholders, the Rights Issue will not be available to such Overseas Shareholders.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only but will not send PALs or EAFs to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro-rata to the relevant Non-Qualifying Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by the Qualifying Shareholders.

**Overseas Shareholders may or may not be entitled to participate in the Rights Issue. Overseas Shareholders should exercise caution when dealing in the Shares.**

#### **Closure of Register of Members**

The Register of Members will be closed from Tuesday, 26 June 2018 to Tuesday, 3 July 2018 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

In order to be registered as a member of the Company on the Record Date, owners of the Shares must lodge all necessary transfer documents (together with the relevant share certificate(s)) with the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Monday, 25 June 2018.

## **II. TERMS OF THE RIGHTS ISSUE**

#### **Subscription Price**

The Subscription Price for the Rights Shares is HK\$0.154 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, upon application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 9.4% to the closing price of HK\$0.170 per Share as quoted on the Stock Exchange on the Last Trading Day, which is also the date of the Underwriting Agreement;

- (ii) a discount of approximately 2.8% to the average closing price per Share for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.158; and
- (iii) a discount of approximately 6.5% to the theoretical ex-rights price of approximately HK\$0.165 per Share based on the closing price of HK\$0.170 as quoted on the Stock Exchange on the Last Trading Day.

Each Rights Share has a par value of HK\$0.1.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter by the Board with reference to the closing price of the Shares prior to the Last Trading Day and the financial conditions of the Company.

The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price and the underwriting arrangements, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price (after deducting the expenses) per Rights Share will be approximately HK\$0.152.

#### **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Shares for every two (2) existing Shares held by Qualifying Shareholders as at the close of business on the Record Date, being 1,299,996,543 Rights Shares assuming there will be no change to the issued capital of the Company prior to the close of business on the Record Date, at a price of HK\$0.154 per Rights Share. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

#### **Fractions of Rights Shares**

The entitlement of Qualifying Shareholders will be *rounded down* to the nearest whole number. The Company will not provisionally allot and will not accept applications for any fractions of Rights Shares. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market if a premium (net of expenses) can be obtained, and the Company will retain the proceeds for its own benefit. Any unsold fractions of Rights Shares will be available for excess application by the Qualifying Shareholders.

## **Status of Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Rights Shares in their fully-paid form.

## **Application for excess Rights Shares**

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders (if any), any unsold Rights Shares created by adding together fractions of the Rights Shares, and any Rights Shares provisionally allotted but not accepted by Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Applications for excess Rights Shares may be made only by Qualifying Shareholders and only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and a pro rata basis by reference to the number of excess Rights Shares applied for but no reference will be made to Rights Shares subscribed by PAL or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots.

Shareholders whose Shares are held by a nominee company should note that the Board will regard a nominee company according to the Register of Members as a single Shareholder under the aforesaid arrangement in relation to the allocation of excess Rights Shares. Accordingly, the aforesaid arrangement will not be extended to the beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to the Record Date.

Shareholders whose Shares are held by their nominee(s) and who would like to have their names registered on the Register of Members must lodge all necessary transfer documents with the Registrar for registration no later than 4:00 p.m. on Monday, 25 June 2018.

## **Share certificates and refund cheques for Rights Issue**

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or before Thursday, 26 July 2018 to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any), or if the Rights Issue is terminated, are expected to be posted on or about Thursday, 26 July 2018 by ordinary post to the applicants at their own risk.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (subject to allotment) in both nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 2,000 Shares.

## **Stamp duty and other applicable fees and charges**

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty and other applicable fees and charges in Hong Kong.

## **III. RIGHTS SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in with effect from the commencement dates of dealings in the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

**Those Qualifying Shareholders who do not take up the Rights Shares in full to which they are entitled should note that their proportionate shareholdings in the Company will be diluted.**

#### **IV. THE UNDERWRITING AGREEMENT**

Date:	8 June 2018
Parties:	(i) the Company and (ii) the Underwriter
Number of Rights Shares underwritten :	Underwritten Shares
Underwriter's commission:	Nil

As at the date of this announcement, Hongtu is interested in 1,310,896,765 Shares, representing approximately 50.42% of the total number of the Company's Shares in issue. It is principally engaged in investment holding. It is not in the ordinary course of business of Hongtu to underwrite shares.

The Directors consider that the Underwriting Agreement was (i) entered into on normal commercial terms; and (ii) fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **CONDITIONS OF THE RIGHTS ISSUE**

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. The obligations of the Underwriter under the Underwriting Agreement are conditional upon fulfilment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms);



- (ii) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong by no later than the Posting Date;
- (iii) the posting of the Prospectus Documents to Qualifying Shareholders on the Posting Date; and
- (iv) the Underwriter not terminating the Agreement in accordance with the terms of the Underwriting Agreement.

None of the Conditions can be waived.

In the event that the conditions have not been satisfied on or before the Long Stop Date, all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement.

### **Termination of Underwriting Agreement**

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given to the Company at any time prior to the Latest Time for Termination, if:

- (i) the occurrence of the following events would, in the reasonable opinion of the Underwriter, materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever;
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, currency or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict); or
  - (c) the occurrence of any change in market conditions or combination of circumstances in Hong Kong (including without limitation, any change in any stock market, any change in fiscal policy or money policy, or

foreign exchange or currency markets, suspension or material restrict or trading in securities) which in the absolute opinion of the Underwriter materially prejudicially affects the Rights Issue and make it inadvisable or inexpedient to proceed therein;

- (ii) any change occurs in the circumstances of the Company or any member of the Group which would materially and adversely affect the prospects of the Group as a whole;
- (iii) the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement;
- (iv) notification by the Company or the Underwriter becoming aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated as provided in the Underwriting Agreement and the Underwriter shall in its reasonable opinion determine that any such untrue representation or warranty represents or is likely to represent a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have a material and adverse effect on the Rights Issue; or
- (v) the Company shall, after any matter or event referred to in the Underwriting Agreement has occurred or come to the attention of the Underwriter, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

For the purposes of termination event (i) above, but without limiting the generality of the foregoing:

- (i) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States of America shall be an event resulting or likely to result in a change in a currency nature; and
- (ii) volatility in market conditions in Hong Kong or elsewhere on or before or after the date of the Underwriting Agreement shall be a factor in determining whether there has been or there is likely to be an occurrence or change in market conditions.

Upon the giving of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine (save for any antecedent breaches thereof) and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement.

**If the Underwriter exercises such right, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

### **Irrevocable Undertaking**

As at the date of this announcement, Hongtu (i.e. the Underwriter) holds 1,310,896,765 Shares.

Hongtu has irrevocably undertaken to the Company that:

- (i) it will subscribe, or procure its associates to subscribe, for 655,448,382 Rights Shares which represent the full acceptance of its assured entitlement;
- (ii) 1,310,896,765 Shares will remain legally and beneficially owned by it on the Record Date; and
- (iii) it will lodge its acceptance of the Rights Shares with the Registrar, by no later than the Latest Time for Acceptance in accordance with the instructions set out in the Prospectus Documents.

## **V. WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES**

**The Shares will be dealt in on an ex-rights basis from Friday, 22 June 2018. Dealings in the Rights Shares in nil-paid form will take place from Friday, 6 July 2018 to Friday, 13 July 2018 (both days inclusive).**

**The Rights Issue is conditional upon, among other things, the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.**

**Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed.**

**Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.**

## **VI. EXPECTED TIMETABLE OF THE RIGHTS ISSUE**

The expected timetable for the Rights Issue is set out below:

Last day of dealings in Shares on a cum-rights basis .....	Thursday, 21 June 2018
First day of dealings in Shares on an ex-rights basis .....	Friday, 22 June 2018
Latest time for lodging transfers of Shares and related documents in order to qualify for the Rights Issue .....	4:00 p.m., Monday, 25 June 2018
Register of Members closes .....	Tuesday, 26 June 2018 to Tuesday, 3 July 2018 (both days inclusive)
Record Date .....	Tuesday, 3 July 2018
Register of Members re-open .....	Wednesday, 4 July 2018
Despatch of the Prospectus Documents .....	Wednesday, 4 July 2018
First day of dealings in nil-paid Rights Shares .....	9:00 a.m., Friday, 6 July 2018
Latest time for splitting of nil-paid Rights Shares .....	4:00 p.m., Tuesday, 10 July 2018
Last day of dealings in nil-paid Rights Shares .....	4:00 p.m., Friday, 13 July 2018
Latest time for payment for and acceptance of Rights Shares and the application and payment for the excess Rights Shares ..	4:00 p.m., Wednesday, 18 July 2018

Latest time for termination of the Underwriting Agreement .....	4:00 p.m., Friday, 20 July 2018
Announcement of results of the Rights Issue.....	Wednesday, 25 July 2018
Despatch of refund cheques for wholly or partially unsuccessful excess applications or if the Rights Issue is terminated.....	Thursday, 26 July 2018
Despatch of share certificates for fully-paid Rights Shares.....	Thursday, 26 July 2018
First day of dealings in fully-paid Rights Shares.....	9:00 a.m., Friday, 27 July 2018

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to Shareholders and the Stock Exchange as appropriate.

**Effect of bad weather on the Latest Time for Acceptance**

If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Wednesday, 18 July 2018, being the date of the Latest Time for Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same business day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be postponed to 4:00 p.m. on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on Wednesday, 18 July 2018, the dates mentioned in the section headed “EXPECTED TIMETABLE OF THE RIGHTS ISSUE” above may be affected. The Company will notify its Shareholders by way of announcements on any change to the expected timetable.

## VII. REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in investment holdings, design, development, manufacturing, marketing and distribution of lifestyle electronic products.

The Directors consider that the Rights Issue, which is on a fully underwritten basis, will allow the Group to raise funds for the purposes set out in the paragraph headed “Use of proceeds” below without incurring debt financing cost. Meanwhile, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Group. The Qualifying Shareholders may also further increase their interests in the Company through excess applications.

The gross proceeds from the Rights Issue will be approximately HK\$200.2 million. The net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, are estimated to be approximately HK\$197.4 million. The net Subscription Price per Rights Share is expected to be approximately HK\$0.152.

When identifying for an underwriter for the Rights Issue and negotiating for the terms of the underwriting agreement (including the commission), the following factors were considered.

1. According to the annual reports of the Company for the years ended 31 December 2017 and 31 December 2016, the Group suffered consecutive loss of HK\$85.7 million and HK\$64 million.
2. The average daily trading volume of the Shares in May 2018 was less than 0.01% of the total issued Shares of the Company, which showed a very thin average daily trading volume of the Shares.
3. The nil underwriting commission to be charged by the Underwriter.

In consideration of the above factors, the Board considers that the Company is regarded by potential investors as a riskier investment and the Rights Issue may be undersubscribed. Hence, the Directors considered that the Company would likely be required to pay a high commission than the market rate in order to increase the attractiveness for the underwriters to provide underwriting services.

When identifying for underwriters, the Company approached another four financial institutions (in addition to the Underwriter) but did not receive any interest in the exercise.

Having taken into account that (i) the underwriting by the controlling Shareholder of the Company shows the controlling Shareholder's continuous support in the future development of the Company; (ii) the nil commission charged by the Underwriter which would not be available if other underwriters whose ordinary business include underwriting were engaged; (iii) the four underwriters that the Company contacted but did not receive interest; (iv) the Company has engaged Founder as the sole global co-ordinator to obtain professional corporate advice from the Founder group in co-ordinating the Rights Issue (including the timetable, the Subscription Price and underwriting arrangements), the Board considers that the underwriting arrangements are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

### **Use of proceeds**

The net proceeds from the Rights Issue are intended to be used in the following manner:

1. Approximately HK\$50.0 million, representing approximately 25.3% of the net proceeds, to enhance the research and development of the company, of which approximately HK\$20 million is expected to be utilised before December 2018 and the remaining before December 2019, including:
  - i. to expand the product development and software development teams to enhance our ability to grasp the explosive growth opportunity in the smart learning product category enabled with Augmented Reality technology.
  - ii. to support and further develop VMS core product especially on smart wearable and IOT smart home.
2. Approximately HK\$50.0 million, representing approximately 25.3% of the net proceeds, to extend the channel and market of the company, of which approximately HK\$20 million is expected to be utilised before December 2018 and the remaining before June 2019, including:
  - i. expand the business team in China to develop the world's biggest market offering growth and strong demand,
  - ii. expand the global E-commerce team and system to increase online sales to follow the online channel's development trends, and

3. Approximately HK\$25.0 million, representing approximately 12.7% of the net proceeds, to upgrade our IT system, SAP system and procure manufacturing machines, of which approximately HK\$10 million is expected to be utilised before December 2018 and the remaining before June 2019.
4. Approximately HK\$72.4 million, representing approximately 36.7% of the net proceeds, will be used to supplement the general working capital of the company.

Based on the expected timetable, the estimated net proceeds and in the absence of unforeseen circumstances, the Company expects that the Rights Issue can satisfy the Company's funding needs for the next 12 months from the date of this announcement. Apart from the Rights Issue, the Directors have considered other debt and/or equity fund raising alternatives such as bank borrowings, placing or an open offer. The Directors noted that bank borrowings, if available, carry interest costs and creditors rank before shareholders. Based on the considerations set out in the section "REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS" the Company expects that the interest rate charged by financial institutions would be higher than the market rate. As such, the Company considers that equity fund raising is the most appropriate means for the Company to raise approximately HK\$197.4 million based on the prevailing conditions. With respect to equity fund raising, the Company considers that placing will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue also enables the Qualifying Shareholders to trade the nil-paid rights in the market. Having considered the fund raising alternatives as mentioned above, the Directors consider raising funds by way of the Rights Issue is more attractive and feasible in the current market condition, and thus, in the interests of the Company and the Shareholders as a whole.

Having taken into account the (i) nil commission charged by the Underwriter; (ii) the discount to the current trading price of Shares which the Company believes would be attractive to the existing Shareholders; (iii) the opportunity for all Shareholders to take part in the future business prospect of the Company; (iv) the right of existing Shareholders to trade in the nil-paid Rights Shares; and (v) the cost, feasibility and financial effect of debt financing, the Board considers that Rights Issue and the underwriting arrangement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.



## VIII. SHAREHOLDING STRUCTURE

Solely for illustrative purpose, set out below is the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Rights Issue assuming that there is no change in the shareholding structure of the Company from the Latest Practicable Date to immediately before completion of the Rights Issue:

Shareholders	As at the date of this announcement		Immediately after completion of Rights Issue (assuming none of the Rights Shares are subscribed by the Qualifying Shareholders (except by Hongtu pursuant to the undertaking))			
			(assuming all Rights Shares are subscribed by the Qualifying Shareholders)			
	<i>No. of Shares</i>	<i>Approximate (%)</i>	<i>No. of Shares</i>	<i>Approximate (%)</i>	<i>No. of Shares</i>	<i>Approximate (%)</i>
Hongtu	1,310,896,765	50.42	1,966,345,147	50.42	2,610,893,308	66.95
Public Shareholders	1,289,096,323	49.58	1,933,644,484	49.58	1,289,096,323	33.05
<b>Total</b>	<b><u>2,599,993,088</u></b>	<b><u>100</u></b>	<b><u>3,899,989,631</u></b>	<b><u>100</u></b>	<b><u>3,899,989,631</u></b>	<b><u>100</u></b>

*Notes:*

(a) *As at the date of this announcement, the Company has 2,599,993,088 Shares in issue.*

(b) *The figures assume that all Shareholders are Qualifying Shareholders.*

## IX. EQUITY FUND RAISING BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company did not conduct any other equity fund raising exercises in the 12 months preceding the date of this announcement.

## X. GENERAL

As the proposed Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders.

Given that (i) no underwriting commission is payable by the Company to the Underwriter pursuant to the Underwriting Agreement; and (ii) the Company will allocate the Rights Shares in excess of assured entitlements at its discretion on a fair and equitable basis, and on a pro-rata basis based on the excess applications by the Qualifying Shareholders, the issue of the Rights Shares to the Underwriter is fully exempt from the connected transaction requirements under Rule 14A.92 of the Listing Rules.

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Posting Date and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

## **XI. DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Company”	IDT International Limited, a company incorporated in Bermuda with its Shares listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the application form(s) for use by Qualifying Shareholders who wish to apply for excess Rights Shares in connection with the Rights Issue
“Founder”	Founder Securities (Hong Kong) Limited
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hongtu” or “Underwriter”	Hongtu High Technology International Inc., an international business company incorporated in the Republic of Seychelles
“General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 25 May 2018
“Last Trading Day”	8 June 2018, being the last trading day of the Shares prior to the entering into the Underwriting Agreement
“Latest Time for Termination”	means 4:00 p.m. on, 20 July 2018 or such later time as may be agreed between the Company and the Underwriter, being the latest time by which the Underwriter may terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2018, or such later date as the parties to the Underwriting Agreement may agree in writing
“Non-Qualifying Shareholder(s)”	those overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws or legal restrictions of the relevant place in which the Overseas Shareholder is located or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the Register of Members at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the renouncable provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements in connection with the Rights Issue

“Posting Date”	4 July 2018, or such other date as the Underwriter may agree in writing with the Company for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be despatched to Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the Register of Members on the Record Date
“Record Date”	3 July 2018, or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements of Shareholders under the Rights Issue will be determined
“Register of Members”	the register of members of the Company
“Registrar”	Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the issue by the Company of the Rights Shares at the Subscription Price on the basis of one (1) Rights Shares for every two (2) existing Shares held by Qualifying Shareholders on the Record Date on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	1,299,996,543 new Shares to be allotted and issued under the Rights Issue
“Share(s)”	ordinary share(s) of the Company with a par value of HK\$0.10
“Shareholder(s)”	holder(s) of the Shares

“Share Options”	the outstanding share option(s) granted by the Company pursuant to the Share Option Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.154 per Rights Share
“Undertaking”	the irrevocable undertaking by Hongtu to the Company, details of which are set out in the section headed “IRREVOCABLE UNDERTAKING” of this announcement
“Underwriting Agreement”	the underwriting agreement dated 8 June 2018 entered into between the Company and Hongtu in relation to the underwriting arrangement of the Rights Issue
“Underwritten Shares”	all of the Rights Shares less the Rights Shares to be subscribed by Hongtu pursuant to the Undertaking
“%”	per cent

*The number of Rights Shares attributable to a particular Shareholder set out in this announcement is for illustration purpose only and the actual number may change due to the fact that the Shares may be held by different nominees and as a result of rounding resulting from fractional entitlements.*

By Order of the board  
**IDT International Limited**  
**Foo Piau Phang**  
*Chairman*

Hong Kong, 8 June 2018

As at the date of this announcement,

1. The executive Directors are Mr. Foo Piau Phang (Chairman) and Mr. Qi Miao (Chief Executive Officer);
2. The non-executive Directors are Mr. Song Rongrong, Mr. Wu Gang, Mr. Yan Keya and Mr. Han Hongtu; and
3. The independent non-executive Directors are Mr. Yang Xiongsheng, Ms. Zhao Yuhong, Dr. Li Quan and Mr. Duh Jia-Bin.

\* *For identification purpose only*